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ANGLO UNITED
Development Corporation
LIMITED

25th ANNUAL REPORT



1974



OFFICERS

President, ALAN R. B. LOWE
Vice-President, MATTHEW GILROY
Vice-President, L. JULES GREGOIRE
Secretary-Treasurer, THOMAS E. KELLY

DIRECTORS

JOHN C. EVANS,
Investment Dealer, Toronto, Canada
MATTHEW GILROY,
Mining Executive Dublin, Ireland
L. JULES GREGOIRE,
Civil Engineer, Hull, Canada
A. GARFIELD HEYES,
Mining Executive, Toronto, Canada
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Mining Executive, Dublin, Ireland
ALAN R. B. LOWE,
Mining Executive, Toronto, Canada
PETER McALEER,
Barrister at Law, Dublin, Ireland
JAMES H. MORLOCK,
Barrister and Solicitor, Toronto, Canada
GEORGE T. SMITH,
Mining Executive, Toronto, Canada

TECHNICAL STAFF

JOHN J. ROYALL, B.Sc., Resident Manager
Chief Geologist in charge of A & P Project
ANDRE VIAL, B.Sc., M.Sc., Geologist
DAVID G. WILBUR, B.Sc., Geologist
BRIAN WILLIAMS, B.Sc., Geologist

SHAREHOLDERS' AUDITORS

COOPERS & LYBRAND
Chartered Accountants, Toronto, Canada

BANKERS

BANK OF NOVA SCOTIA,
King and Victoria Sts. Branch, Toronto, Canada,
Canada House, St. Stephens Green, Dublin, Ireland

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
Toronto, Canada

EXECUTIVE AND HEAD OFFICE

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DUBLIN OFFICE

162 Clontarf Road,
Dublin, Ireland

The 1975 Annual Meeting of Shareholders will be held in The Confederation Room No. 6, Royal York Hotel, Toronto, Canada, on Thursday, April 24, 1975, at 9:30 a.m., Toronto time.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 25th Annual Report of the Company. Included are the audited financial statements of the Company and its wholly owned subsidiaries for the fiscal year ended 31st October, 1974 together with the following review of properties and mineral interests held and a summary of the principal activities during the year and the subsequent period to date.

During 1974 your Company continued its long range and widely based exploration program in the Republic of Ireland where it currently holds interests in a total of 77 prospecting licences, as well as in Canada where the main emphasis was on the 20-claim Camp Lake gold property in the Yellowknife district, Northwest Territories.

Exploration of the Company's prospecting licences in the Republic of Ireland, including those held under option from La Societe Miniere et Metallurgique de Penarroya ("Penarroya"), is now carried out by our wholly owned Irish subsidiary, Munster Base Metals Limited.

The major thrust of exploration work in Ireland during the period was the continuation of the comprehensive investigation of the 53 prospecting licences comprising the Penarroya option which cover an area of approximately 600 square miles. The 1974 program involved intensive geological mapping and prospecting, both reconnaissance and detailed soil geochemistry and in addition, induced polarization surveys in various areas.

Highlights of the geochemical soil sampling program have been the further extension and delineation of the lead-zinc anomaly on Mallow licence 441 which was briefly summarized in our 1973 Annual Report, the appearance of a strong lead anomaly on Kerry licence 572, and more recently the discovery by deep sampling of a significant copper anomaly only 1,200 feet west of the known Mallow copper-silver deposit.

The induced polarization surveys have defined anomalously high chargeability zones in Donegal, Monaghan and particularly on licence 456 in Wexford, adjacent to the known lead and zinc mineralization where drilling was carried out in 1972. As a result of this concentrated effort on the Penarroya licences, your Company now has several exploration targets which will require substantial diamond drilling.

During the fiscal year ended 31st October, 1974 your Company's expenditures on exploration with respect to the Penarroya licences amounted to \$150,786. The cumulative direct expenses and allowable overhead with respect to the Penarroya licences over the approximate three year period to 31st October, 1974 now totals about \$785,000.

Other exploration expenditures during the fiscal year amounted to \$106,813 the major portion of which was applicable to the program on the Camp Lake gold property.

The following is a more detailed summary of the main exploration programs carried out during the period under review and the resulting principal targets for the Company's planned activities for the 1974-75 fiscal year.

PROSPECTING LICENCES IN THE REPUBLIC OF IRELAND

As previously mentioned, exploration of the Penaroya licences were accorded the main priority in our 1974 program in Ireland.

Wexford Licences 455, 456, 1153 and 1463. A detailed induced polarization survey was carried out over a broad area surrounding the known mineralized area at Duncormick (P. L. 456) which was diamond drilled during 1972, obtaining significant zinc mineralization at depths up to 750 feet. As a result of the 1974 surveying, several significant induced polarization anomalies have been defined each of which warrants diamond drilling.

The near-surface extension of the mineralization intersected during 1972 has yet to be tested and presents a target of considerable potential. It is estimated that at least 6,000 to 10,000 feet of diamond drilling will be required to properly evaluate the known I. P. anomalies and also test the area immediately adjoining the presently known mineralization.

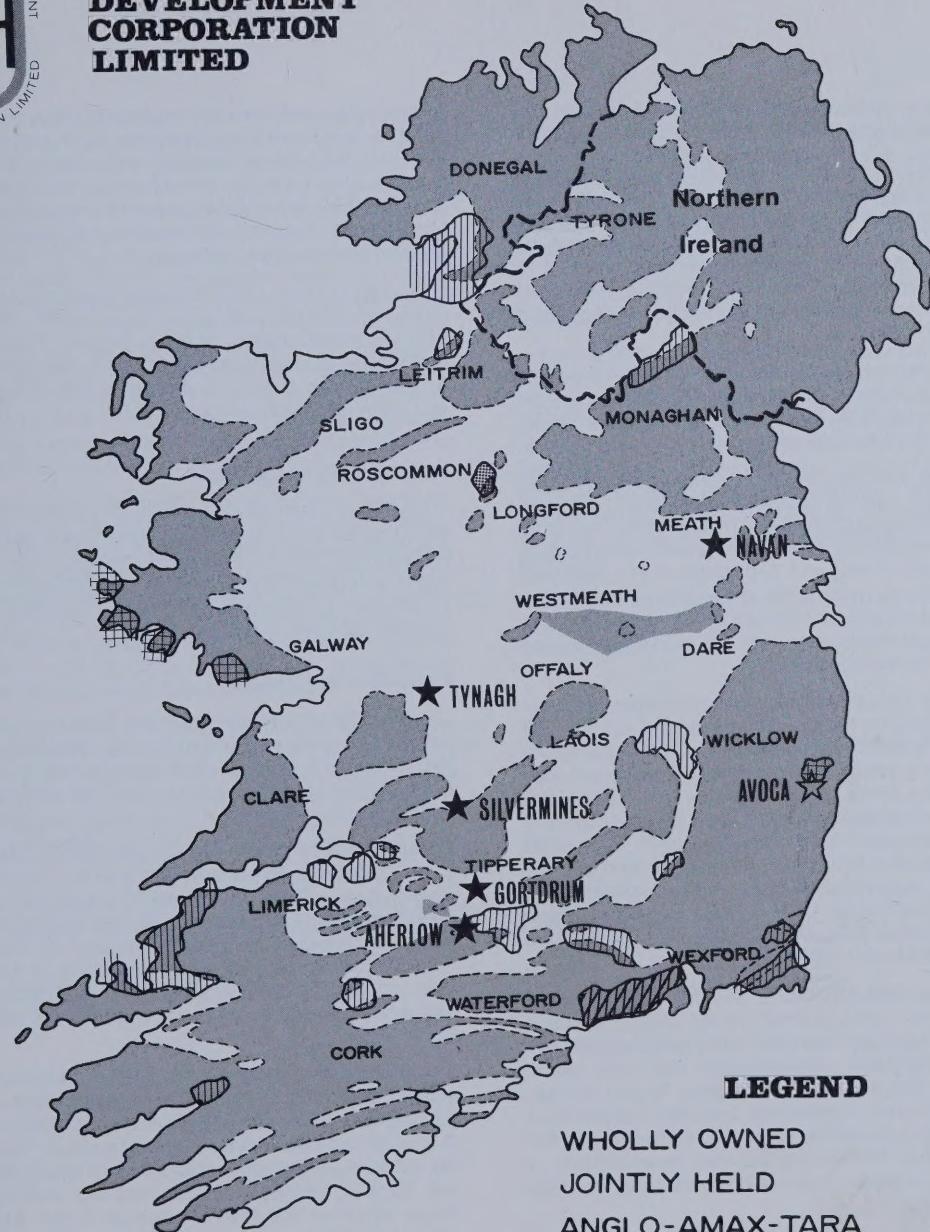
The Wexford group of licences cover a combined area of approximately 50 square miles. In the most recent work two areas have been under examination on licence 455, including the reinvestigation of minor copper mineralization and random samples taken assayed 0.15% and 0.20% copper. Deep sampling is scheduled for this area. Elsewhere on the same licence, a baryte vein has been located and from the deep soil sampling and more recent "bedrock" power drill sampling, it is estimated that the baryte vein may extend along a strike length of approximately 1,400 feet. Bedrock samples taken with the power drill have shown that the baryte is accompanied by interesting amounts of galena.

The significance of the baryte vein is that this mineral is often associated with the lead-zinc deposits in Ireland, such as at Tynagh and Silvermines.

Mallow licences 441, 1366 and 1399. These three contiguous licences covering an area of about 30 square miles have yielded several significant mineral occurrences

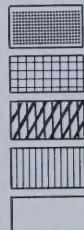


ANGLO UNITED DEVELOPMENT CORPORATION LIMITED



LEGEND

- WHOLLY OWNED
- JOINTLY HELD
- ANGLO-AMAX-TARA
- ANGLO-PENARROYA
- LOWER CARBONIFEROUS



★ Principal known Pb, Zn, Cu deposits
in Carboniferous limestone

MAP SHOWING PROSPECTING LICENCE AREAS
IN IRELAND WHOLLY AND JOINTLY HELD

in exploration over the past two years, including the copper-silver deposit on licence 1399.

Widely-spaced holes drilled during the 1972-73 fiscal period indicated the possibility of the occurrence of about 4 million tons of mineralized material grading about 0.69% copper and 0.86 ounce of silver per ton. The mineralized area which has been outlined broadly in this series of 13 holes which obtained significant intersections, consisting of incomplete cross-sections at 200 foot intervals along a strike length of 1,200 feet.

It is considered that additional drilling on this deposit, including fill-in holes, could increase the tonnage. Approximately 5,000 feet of drilling has been recommended for this purpose.

Quite recently — in January 1975 — deep power drill soil sampling defined a strong copper anomaly only 1,200 feet west of the known copper deposit. This anomaly lies close to the favourable Old Red Sandstone, lower Carboniferous limestone contact. Although it is possible that it indicates the presence of mineralization along the strike of the known deposit, much additional work is required to ascertain its exact significance. An I. P. survey is planned and subsequently diamond drilling.

The discovery of a limestone outcrop containing lead-zinc mineralization on licence 441 described in the 1973 Annual Report is about 2.5 miles east of the Tullacondra copper area. As previously reported, subsequent soil sampling in the area of this galena and sphalerite mineralization outcropping defined a geochemical anomaly approximately 1,500 feet in length. The more recent work in what is now designated as the East Grange lead-zinc area has extended the major geochemical anomaly for 2,000 feet to the west of the surface outcropping. Further evaluation of this find will require trenching and diamond drilling.

Kerry licences 458-60, 572-3, 853-6. The significant discovery on this licence group was on 572 where a substantial lead anomaly was outlined by geochemical soil sampling. No significant mineralization has been found associated with this anomaly but outcrop is very sparse. The results of the geochemical soil sampling indicate that the lead anomaly extends for at least 2,400 feet along the favourable Old Red Sandstone, Carboniferous contact. It is concluded that owing to the size of the anomaly its origin may be formational.

Other licence areas. The comprehensive program comprising geological mapping, deep soil sampling and induced polarization surveys was carried out on the Monaghan group of licences and while no greatly significant geochemical anomalies were recognized, I. P. surveying defined an anomalous area which, owing to the depth of overburden, will require diamond drilling for proper evaluation. Exploration was also carried out on the Limerick licence and Callan licence 1367 but little additional information was obtained.

In Donegal, previously unrecorded blocks of limestone, well mineralized with native copper, were discovered. It is

believed these blocks may originate from a shear zone in the immediate area and deep soil sampling was carried out to define the source, defining a promising distinct east-west trending anomaly. The anomaly, which is about 300 feet in length, is probably related to copper mineralization in a narrow shear zone. Trenching is considered to be warranted to test this possibility.

During February 1975, the area around old shafts on the Clontibret licence was surveyed in detail. This licence, which is wholly owned by the Company, is scheduled for exploration during the current period. Drilling many years ago by former operators indicated interesting antimony and associated gold values.

PROPERTIES IN CANADA

Currently, the most important of your Company's holdings in Canada is the Camp Lake gold property consisting of 20 claims or approximately 1,000 acres held under a 21-year mining lease. It is located about 88 miles northwest of Yellowknife, a well known and long established gold mining community.

Exploration in Canada

During the 1974 field season, the Company conducted a program of exploration on its Camp Lake gold property in the Yellowknife district, Northwest Territories, consisting of geological mapping, prospecting, trenching and 4,834 feet of diamond drilling.

The presently known main gold-bearing zones at the Camp Lake property are the No. 1 and No. 2 Zones and the South Zone. Prior to the 1974 program, a total of approximately 21,698 feet of diamond drilling was carried out on the property, principally directed on the No. 1 and No. 2 Zones. In the 1974 program, a total of 4,834 feet of 'AQ' (wireline) diamond drilling was completed in 19 holes, all but one of which were concentrated on the testing of the South Zone.

Interpretation of the diamond drilling results indicates that the South Zone is complex and consists of at least six subparallel narrow veins. Gold occurs on five veins (B, C, D, E and F) with only minor shearing evident. The No. 1 and No. 2 Zones are parallel (about 100 feet apart) shear zones and diamond drilling indicates they are continuous for a length of about 600 feet. In contrast to the South Zone, gold on the No. 1 and 2 Zones exist in well defined shoots with a steep northerly rake.

Drill results indicate that gold may terminate at a depth of about 400 feet in the No. 1 Zone and exists to a depth of 380 feet in the No. 2 Zone, the deepest level to which the mineralized shoot has been drilled. Diamond drilling of the South Zone is incomplete. Drill-indicated reserves for the No. 1 and No. 2 Zones have been recalculated using a lower minimum grade. Only the 'B' and 'C' veins of the South Zone have been taken into consideration in calculating the drill-indicated reserves.

Drill-indicated reserves for the No. 1 and No. 2 Zones

and the 'B' and 'C' veins of the South Zone total 43,750 tons averaging 0.46 ounce of gold per ton. In these calculations, mining width is calculated by adding 1.0 feet (at assay grade) to the true width of the intersection and minimum mining width is 4.0 feet. Grade of blocks containing high gold values are cut to 1.5 times the average grade of the zone or vein, a procedure used to calculate reserves within developed portions of two producing mines in the district. Single drill intersections in the 'D', 'E' and 'F' veins of the South Zone were not considered in calculating the reserves. The Company's firm of consultants recommended that underground exploration of these three known main zones be undertaken to determine grade, tonnage and ground conditions as a more positive approach, particularly with respect to the complex South Zone.

A feasibility study was carried out by Bacon & Crowhurst Ltd., consulting engineers, to consider the most economical and flexible method of underground access to the more favourable zones. These studies concluded the most appropriate design would involve a long decline (with branches) at a 15% grade for a total decline distance of 3,889 feet. The estimated cost of this program on a current pricing basis is \$1,151,730 and does not include any provision for underground diamond drilling.

The Company does not have any immediate plans to fund this recommended underground program. However, with the sharp and sustained rise in world gold prices and the probability that this advance will continue to appreciably higher levels during 1975-1976, the project will receive consideration at the appropriate time and gold price.

Subsequent to the completion of the 1974 program, your Company was apprised of a situation involving the creation

of a large reservoir by the Northern Canada Power Commission related to a power generating plant nearby and the consequent flooding of a portion of the Camp Lake gold property. Negotiations are currently being conducted between the Company and Northern Canada Power Commission in an effort to resolve or alleviate the problems created by this land flooding.

General

Your Company's working capital at 31st October, 1974 (exclusive of investments consisting of 246,333 shares of Northgate Exploration Limited) amounted to \$286,026 compared with \$387,109 at fiscal year end 1973. Revenue during the 1973-74 fiscal year amounted to approximately \$208,000 most of which is attributable to dividend income from its shareholding in Northgate. Total exploration expenditures during the period, including expenses related to the Penarroya Agreement, amounted to \$257,599.

The Directors express appreciation for the loyal and effective work of our technical staff, employees and consultants.

On behalf of the Board of Directors,

"Alan R. B. Lowe"

President

31st March, 1975

ANGLO UNITED DEVELOPMENT CORPORATION AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1974

ASSETS

CURRENT ASSETS

Cash .....	.....
Notes receivable .....	.....
Accounts receivable .....	.....

INVESTMENTS

Quoted — at cost (note 2) (market value 1974 — \$936,065; 1973 — \$1,207,681)
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FIXED ASSETS — at cost

Furniture and equipment
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DEFERRED EXPENSES AND OTHER ASSETS (note 3)

Interest in exploration ventures (note 5)
Oil leases .....	.....
Mining claims .....	.....
Deferred exploration and administration expenses .....	.....
Organization expenses .....	.....

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)

Authorized —
8,000,000 shares without par value
Issued and fully paid —	.....
6,413,500 shares .....	.....
DEFICIT .....	.....



LIMITED

1974	1973
\$	\$
63,657	68,567
230,555	321,807
4,306	3,054
<u>298,518</u>	<u>393,428</u>
<u>231,541</u>	<u>231,541</u>
<u>4,646</u>	<u>4,646</u>
628,055	477,269
80,471	82,547
72,500	72,500
890,389	938,016
18,653	18,653
<u>1,690,068</u>	<u>1,588,985</u>
<u>2,224,773</u>	<u>2,218,600</u>

12,492 6,319

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited and its wholly-owned subsidiaries as at October 31, 1974 and the consolidated statements of earnings, deferred exploration and administration expenses and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 4, 1975

COOPERS & LYBRAND
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD

J. C. EVANS, Director

A. R. B. LOWE, Director

<u>3,996,589</u>	<u>3,996,589</u>
<u>1,784,308</u>	<u>1,784,308</u>
<u>2,212,281</u>	<u>2,212,281</u>
<u>2,224,773</u>	<u>2,218,600</u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF EARNINGS
For the Year Ended October 31, 1974**

	1974	1973
	\$	\$
INCOME		
Dividends	158,934	—
Oil production — net	<u>2,076</u>	2,692
	<u>161,010</u>	<u>2,692</u>
AMOUNTS WRITTEN OFF		
Deferred exploration and administration	158,934	—
Oil leases	<u>2,076</u>	2,692
	<u>161,010</u>	<u>2,692</u>
NET EARNINGS FOR THE YEAR	<u>—</u>	<u>—</u>

**CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND
ADMINISTRATION EXPENSES**
For the Year Ended October 31, 1974

	1974	1973
	\$	\$
BALANCE — BEGINNING OF YEAR		
Exploration expenses during year	938,016	900,661
Administration expenses during year	106,813	11,146
	<u>4,494</u>	26,209
Amount written off	<u>1,049,323</u>	938,016
	<u>158,934</u>	—
BALANCE — END OF YEAR	<u>890,389</u>	<u>938,016</u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION EXPENSES
For the Year Ended October 31, 1974**

	1974	1973
	\$	\$
Exploration during the year —		
Assays	5,264	110
Consulting fees	10,037	7,335
Diamond drilling	49,382	73
Drafting	42	112
Economic evaluation	350	—
Field supplies	7,912	(61)
Freight and transportation	3,027	922
Geophysical	—	2,014
Geophysical survey	3,148	9
Geological survey	379	—
Licences and taxes	2,037	1,881
Miscellaneous	974	52
Office expenses	2,030	259
Salaries and wages	17,653	3,094
Travel and accomodation	<u>6,777</u>	<u>1,351</u>
	109,012	17,151
Allocations to joint exploration ventures	<u>(2,199)</u>	<u>(6,005)</u>
Deferred exploration expenses for the year	<u>106,813</u>	<u>11,146</u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended October 31, 1974**

	1974	1973
	\$	\$
FUNDS PROVIDED		
Dividends	158,934	—
Interest and other income	47,179	—
Oil lease rentals	2,076	2,692
Proceeds from issue of shares	—	9,639
	<u>208,189</u>	<u>12,331</u>
FUNDS APPLIED		
Interest in exploration ventures	150,786	260,946
Deferred exploration expenses	106,813	11,146
Deferred administration expenses	51,673	26,209
Organization expenses	—	4,158
	<u>309,272</u>	<u>302,459</u>
DECREASE IN WORKING CAPITAL	<u>101,083</u>	<u>290,128</u>
WORKING CAPITAL — BEGINNING OF YEAR	<u>387,109</u>	<u>677,237</u>
WORKING CAPITAL — END OF YEAR	<u>286,026</u>	<u>387,109</u>

**CONSOLIDATED SCHEDULE OF DEFERRED ADMINISTRATION EXPENSES
For the Year Ended October 31, 1974**

	1974	1973
	\$	\$
Canada Pension Plan	212	320
Interest and bank charges	237	22
Legal and professional	14,943	14,015
Miscellaneous	4,163	1,939
Office and stationery	746	1,686
Public relations and research	1,247	1,989
Rent	—	780
Salaries	15,931	11,400
Shareholders' information	4,831	5,601
Stock exchange fee	200	200
Stock option fee	—	1,200
Taxes	587	491
Transfer agent's fees and expenses	4,941	5,491
Travel and accomodation	3,635	7,682
	<u>51,673</u>	<u>52,816</u>
Less: Interest and other income	47,179	26,607
Deferred administration expenses for the year	<u>4,494</u>	<u>26,209</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 1974

1. BASIS OF CONSOLIDATION

The consolidation includes the accounts of the company's wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

Munster Base Metals Limited was incorporated in the Republic of Ireland during March, 1973. The accounts in foreign currencies are stated in Canadian dollars on the following basis:

Current assets and current liabilities at year end exchange rates; all other assets at the exchange rate in effect at the time of the transactions.

2. INVESTMENTS

Due to the number of shares held the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

3. VALUES

The amounts shown for deferred expenses and other assets represent costs to date less amounts written off and are not intended to reflect present or future values.

4. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by the Business Corporations Act, which includes the five highest paid employees) was \$64,501 for the year ended October 31, 1974.

5. WORKING OPTION AGREEMENT

Under the terms of an agreement dated July 1, 1971 the company obtained a working option from La Societe Miniere et Metallurgique de Penarroya to enter upon and explore 53 mining licences in the Republic of Ireland for a period from July, 1, 1971 to October 31, 1972 and renewable at the option of the company for three successive periods of one year. To October 31, 1974 direct expenses and allowable overhead amounting to approximately U.S. \$785,000 have been incurred in respect of the working option and the option has been extended to October 31, 1975.

The amount of U.S. \$785,000 is approximately U.S. \$485,000 in excess of the expenditures required to be made to October 31, 1974 and such excess may be carried forward and applied to expenditures required to be made subsequent to that date.

Amounts expended in Irish currency have been translated into Canadian dollars at the actual rate prevailing at the time when the expenditure was incurred.

6. CAPITAL STOCK

The following options are outstanding on previously unissued shares of the company's capital stock at a price of \$1.134 per share, exercisable in each year as to the total number of shares set out below. Such options are cumulative and to the extent that all or any part of any option is not exercised by the employee in any one year, they are to be carried forward and exercisable in the subsequent year or years.

Year ended October 31, 1973	3,000 shares
Year ended October 31, 1974	11,000 shares
Year ended October 31, 1975	11,000 shares

